

Message Text

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73

ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-05

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01

USIA-06 PRS-01 IO-10 /096 W
----- 030898

R 112223Z DEC 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 3652

INFO AMCONSUL GUAYAQUIL

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E.O. 11652: N/A

TAGS: PFOR, EC

SUBJ: QUITO COLUMNIST ON PETROLEUM SITUATION

NOTED COLUMNIST, BENJAMIN ORTIZ BRENNAN, WRITING IN QUITO'S MORNING "EL TIEMPO" ON DEC 11, PRODUCED A COLUMN, QUOTED IN TRANSLATION IN FULL BELOW, THAT TYPIFIES GROWING ECUADOREAN SENTIMENT IN THE FACE OF A CURRENT DECLINE IN PETROLEUM REVENUES.

1. "THE ROMANCE OF DOLLARS THAT DAILY ADORNED THE PAGES OF THE NEWSPAPERS FROM THE BEGINNING OF THE PETROLEUM ERA NOW HAS DARK SHADOWS AROUND IT. THE HONEYMOON OF ABUNDANCE IS ENDANGERED BY A COMBINATION OF CONCURRENT CIRCUMSTANCES THAT LEAD ONE TO BELIEVE THAT ECUADOR IS THE VICTIM OF AN INTERNATIONAL BOYCOTT. FOR MORE THAN TWO MONTHS EXPORTS OF CRUDE OIL HAVE DROPPED VIOLENTLY. IN A WORLD THIRSTY FOR ENERGY IT SEEMS THERE IS NO ONE WHO MIGHT BUY ECUADOREAN PETROLEUM. THE AVERAGE OF MORE THAN 206,000 BARRELS SOLD DAILY IN 1973 WERE CONVERTED TO 39,883 BARRELS LAST

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WEEK. CEPE SALES WERE MADE AT PRICES INFERIOR TO THOSE

(OF 1973). THE OIL COMPANIES HAVE TERMINATED CONTRACTS WITH FIRMS THAT GAVE THEM SERVICES. THE IMAGE OF ABUNDANCE DEFINITELY IS MORE DETERIORATED EACH DAY AND MORE THAN A MONTH AGO THE GOVERNMENT ADMITTED IT WILL HAVE A FINANCIAL DEFICIT THAT, HOWEVER LOW IT MAY BE, REVEALS A SURPRISING CONTRACTION OF INCOME.

2. THESE FACTS COINCIDE, INTERNATIONALLY, WITH THE VIOLENT AGGRESSION OF THE NORTH AMERICAN POLICY AGAINST THE OPEC. THE PROJECTS OF THE BILL FOR A GENERALIZED SYSTEM OF PREFERENCES, NOW IN COMMITTEE IN THE U.S. CONGRESS, EXPRESSLY EXCLUDES OPEC MEMBERS. MR. KISSINGER, WHOSE INTERNATIONAL PLOY (GAME) IS SEEN MORE CLEARLY EACH DAY, HAS LAUNCHED AN OFFENSIVE TO DIVIDE OIL PRODUCERS WHILE HE PROMOTES THE UNION OF INDUSTRIALIZED CONSUMERS. A FEW DAYS AGO HE PLACED OBJECTIONS BEFORE THE FRENCH PROPOSAL OF A MEETING OF COUNTRIES WHO BUY AND SELL PETROLEUM IF A UNITED FRONT OF CONSUMERS HAD NOT BEEN FORMED BEFOREHAND. MEANWHILE, HE PRAISED THE POSITIVE RESULTS ACHIEVED IN BILATERAL NEGOTIATIONS WITH VARIOUS ARAB COUNTRIES. THE FIXED IDEA OF NEGOTIATING BILATERALLY WITH THE LDC'S ALSO LEFT THE OAS COLLAPSED AS AN ORGAN OF SOME REGIONAL FORCE. ALTHOUGH THE ORGANISM MAY BE IN DISREPUTE AND BARELY OPERATIVE, ACCORDING TO THE KISSINGER SCHEME AND HIS "NEW DIALOGUE", IT IS BETTER THAT IT DOES NOT EXIST.

3. IN THIS PERSPECTIVE IT WOULD NOT BE UNUSUAL THAT THE LEAST EXPERIENCED OF THE PETROLEUM COUNTRIES, ECUADOR, WITH A PRODUCTION REALLY VERY INFERIOR TO THAT OF THE GREAT SUPPLIERS, HAS BEEN SELECTED TO BE GRABBED BY THE NECK AND MADE TO JUMP. THE IMPERIAL WORLD MUST BE VERY AWARE OF THE ECONOMIC EXPANSION STIMULATED BY PETROLEUM AND OF THE ENORMOUS DEPENDENCE OF THE NATIONAL TREASURY ON THIS INCOME. THE TRANQUIL GOVERNMENT THAT PAYS SALARIES PUNCTUALLY AND EVEN CAN FAVOR IMPORTANT GROUPS WITH SOME ADDITIONAL DIVIDEND, COULD SUDDENLY FEEL ITSELF THE PRESSURE OF POVERTY THAT GRADUALLY DESTROYED SO MANY FORMER REGIMES. THE BUSINESS SECTOR, BUOYANT IN THE MIDST OF INFLATION, WITH GROWING BUSINESS, COULD SUFFER A RECESSION. THE CONFIDENCE IN PROSPERITY COULD BE WEAKENED

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AND WITH THAT THE SOCIAL CRISIS WOULD BE ACCENTUATED. ALL THESE DANGERS COULD BE PLACED BEFORE THE GOVERNMENT IN ORDER TO BREAK THE OPEC FRONT, ON ONE HAND, AND CONTAIN NATIONAL PRETENSIONS OF ACQUIRING UP TO 51 PER CENT OF THE STOCK OF THE PETROLEUM FIRMS.

4. A FRANK ANALYSIS OF THE SITUATION REQUIRES US TO SHOW THE COINCIDENCE OF THESE FACTS WITH THE SEPARATION OF THE

FORMER MINISTER OF NATURAL RESOURCES, NAVY CAPT. GUSTAVO JARRIN AMPUDIA. IT WOULD BE WRONG TO EVEN INSINUATE THAT A DARK STRATEGEM MIGHT EXIST WITH THOSE CURRENTLY IN CHARGE. NEVERTHELESS, WHEN THE COUNTRY FELL INTO CRISIS AN EXPERIENCED MAN (JARRIN) WHO HAD DEMONSTRATED ENERGY AND, IN SPITE OF ALL THE CRITICISM THAT MIGHT BE LEVELED, DEFENDED THE INTERESTS OF THE COUNTRY, WAS SEPARATED FROM HIS FUNCTIONS. AS FOR THOSE NOW RESPONSIBLE, WHAT ANGERS MOST IS THE TENACIOUS SILENCE THEY MAINTAIN ABOUT THE PROBLEMS. CEPE SCARCELY SAID HALF A WORD ABOUT THE DIFFICULTIES IN PLACING CRUDE AND THE NEW MINISTER OF NATURAL RESOURCES, FIRST BECAUSE HE WAS NEW AND NOW BECAUSE HE IS ABSENT, HAS TURNED OUT TO BE AN EXTREMELY PARSIMONIOUS MAN IN EXTENDING EXPLANATIONS TO THE COUNTRY ABOUT THESE MATTERS.

5. IT IS NOT NECESSARY TO EXPLAIN TO ANYONE THAT PETROLEUM IS A RESOURCE THAT BELONGS TO ALL ECUADOREANS. AS A RESULT, IT IS INDISPENSABLE THAT THE AUTHORITIES PROVIDE A COHERENT EXPLANATION OF THE SITUATION. SOMETHING MORE THAN SAYING THAT DIFFICULTIES EXIST IN PLACING CRUDE OIL IN THE INTERNATIONAL MARKET IS REQUIRED. THE EBBS AND FLOWS OF THIS BLACK PETROLEUM BUSINESS ALWAYS HAVE IMPENETRABLE CREVICES AND IT IS DIFFICULT TO GUESS FROM OUTSIDE WHICH WAY THE WIND IS BLOWING. IN ANY CASE, THE COUNTRY FACES A CONFLICT OF A DROP IN SALES, IN QUANTITIES MORE THAN CONSIDERABLE, AND OF DIFFICULTIES IN PRICES. IT IS THEREFORE INDISPENSABLE IN THIS EMERGENCY THAT THE REASONS AND POSITION OF THE GOVERNMENT ARE ANNOUNCED.

DECONTROL UPON RECEIPT.
HEMENWAY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, PETROLEUM, TEXT, REVENUE DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 11 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974QUITO08453
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740360-0518
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741243/aaaabkyv.tel
Line Count: 146
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 17 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 SEP 2002 by cunninfx>; APPROVED <18 MAR 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: QUITO COLUMNIST ON PETROLEUM SITUATION NOTED COLUMNIST, BENJAMIN ORTIZ BRENNAN, WRITING IN QUITO'S
TAGS: PFOR, EC, EL TIEMPO, (ORTIZ BRENNAN, BENJAMIN)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005